

# TERRENI

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March 17, 2021

The Honorable Jocelyn G. Boyd  
Chief Clerk and Administrator  
Public Service Commission of South Carolina  
101 Executive Center Drive, Suite 100  
Columbia, South Carolina 29210

Re: 2020-275-S. Application of Condor Environmental, Incorporated Requesting an Expansion of Its Existing Sewer Service Areas to Include Certain Portions of Anderson County and Approval of Agreements (Request for Expedited Review).

Dear Ms. Boyd:

On behalf of Condor Environmental, Inc. ("Condor"), I write to respond to the ORS Status Report and Recommendations filed March 9, 2021.

Condor is a Class B Wastewater Utility<sup>1</sup> that serves fourteen residential subdivisions and three commercial customers. Condor is unusual but not unique in that its residential customers are real estate developers or homeowners' associations, as opposed to the occupants of individual residences. Condor bills each subdivision's developer or homeowners' association ("HOA") at a subdivision-wide rate. Each of Condor's contracts has been approved by the Public Service Commission. Condor's wastewater utility operating income in 2019 was \$297,654.<sup>2</sup> Condor is a family-owned company. It is owned and operated by brothers Jason Weaver, its President, and Brad Weaver, its Vice-President, who recently took over the company from their father, Samuel Weaver. Condor's salary and wages for regulated operations in 2019 were \$49,608.<sup>3</sup> While not a large utility, Condor delivers good service. Condor is unaware of any customer filed against Condor since ORS's inception in 2005 or with the Commission before then. Condor has never been cited by DHEC for a violation of that agency's regulations.

ORS's review of Condor began in August of 2020 when it applied to serve the Carriage Hill subdivision in Anderson County and the Palmetto Pointe Subdivision in Saluda County.<sup>4</sup> On August 18, 2020, the Commission asked if Condor intended to charge rates that the Commission

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<sup>1</sup> Class B Wastewater Utilities have annual wastewater operating revenues of \$200,000 or more but less than \$1,000,000.

<sup>2</sup> Condor Wastewater Utility Annual Report for the Year Ended 2019, Revised Feb. 2, 2021.

<sup>3</sup> Id.

<sup>4</sup> Docket No. 2020-275-S.

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had not previously approved.<sup>5</sup> On September 20, 2020, Condor filed a similar application in Docket 2018-231-S, a docket the Commission had opened in July of 2018 when the utility filed a letter of intent to propose a new schedule of rates and charges. Later that month, Condor hired its present counsel, who moved to withdraw the two then pending applications, relief the Commission granted on October 1, 2020.<sup>6</sup>

The present docket was opened on November 14, 2020, when Condor filed a new application to serve the Palmetto Pointe and Carriage Hill subdivision. Condor's motion to serve Palmetto Pointe was opposed by the Saluda County Water and Sewer Authority, which petitioned to intervene on December 7, 2020. On January 8, 2021, and January 11, 2021, Palmetto Pointe's developer, American Land Holdings, LLC, and Condor, respectively, informed the Commission they had terminated their service contract. Then Condor moved to amend its Application to withdraw its request to serve Palmetto Pointe. The Commission granted Condor's motion to amend on January 12, 2021, and Condor filed a new application on January 12, 2021, which ORS refers to as "Application #4" in its review.

ORS's Status Report and Recommendations includes 1) a review of Condor's Application and 2) a review of Condor's billing and annual report, and 3) recommended conditions for approval of Condor's service of Carriage Hills. Condor responds as follows.

1) Review of Application.

ORS made two recommendations in its review of the Application. First, ORS recommended Condor comply with the 30-day advance notice requirements when passing through Easley Combined Utilities ("ECU") increases in treatment charges. This recommendation is consistent with Condor's Application, which seeks approval of the rates and pass-through process approved by the Commission in Order No. 2016-74 for Caledonia. Therefore, the company does not object.

ORS also recommended removal of language in the Amendment to Gravity Sewer that committed the developer or the homeowners' association of Carriage Hill to support a future increase in the Condor fee of up to \$14.98 per month. Condor does not object to removing the language but disagrees with ORS's description of its intent and effect.

ORS describes the language as requiring homeowners and customers to "waive their rights to participate in future rate proceedings." The provision merely reflects the parties' original

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<sup>5</sup> Order No. 2020-557, Docket No. 2020-192-S.

<sup>6</sup> Order No. 2020-662, Docket No. 2020-231-S and 2020-192-S

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agreement on a reasonable rate for sewer service. As Condor explained to ORS, residents of Carriage Hill would remain free to participate in a rate proceeding without restriction. Nonetheless, Condor agrees to remove the condition from the agreement.

2) Billing Statement Review.

Condor is now charging the approved rates for the Rose Hill and Caledonia subdivisions and has filed notices of the past increases in ECU's treatment fees.

ORS cited language in the Rose Hill service agreement requiring Condor to obtain advance notice of any increase in its monthly fee for service, even if the increase is caused by an increase in ECU's treatment charges. It is impractical for Condor to obtain prior approval to pass-through increases in ECU's treatment charges. Condor cannot be sure it will receive sufficient notice of an ECU increase to obtain timely approval from the Commission. Condor intends to petition the Commission for approval of the same advance notice procedure for the pass-through of ECU's increases in the Rose Hill subdivision.

ORS also noted Condor had decreased the monthly rates charged to the Country Place and Fairview Chase subdivisions. The subdivisions did not develop as expected, and Condor agreed on decreases to mitigate the cost of utility service for homeowners in these subdivisions. Condor intends to petition the Commission for approval of these reduced charges.

As noted in the ORS's report, Condor revised its 2019 Annual Report in February of 2021. Condor prepared the revised report with the assistance Gary Walsh, an experienced regulatory accountant. Mr. Walsh remains available to assist the company with the preparation of its annual reports.

3) Recommended Conditions

Condor does not object to ORS's recommended conditions for the Commission's approval of its Application to serve Carriage Hill, and respectfully requests the Commission approve its application.

TERRENI  
LAW FIRM, LLC

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With best wishes, I am,

Sincerely yours,

*s/ Charlie Terreni*

Charles L.A. Terreni

c: Counsel of Record  
Mr. Brad Weaver